

Container Market Outlook for BCOs

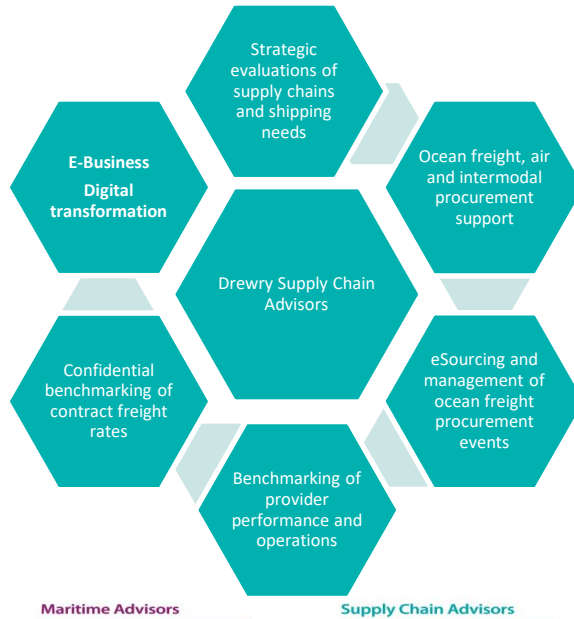
TPM Asia - Shenzhen - October 9, 2019

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Introduction

Drewry Supply Chain Advisors

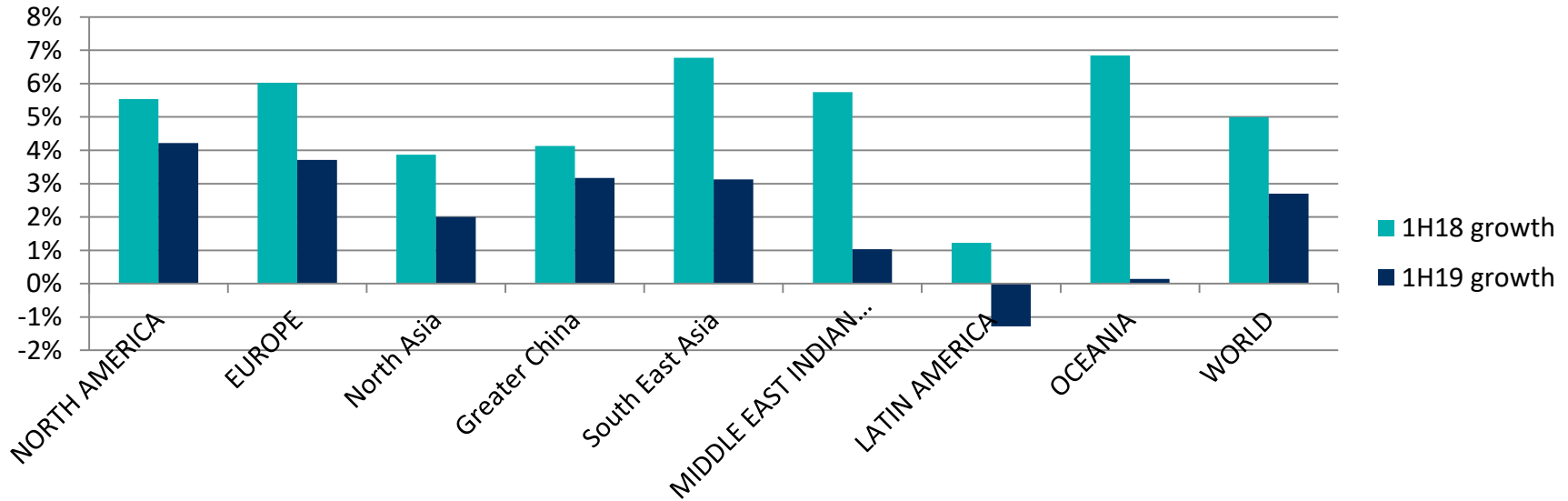
Through our complete service offering, clients benefit from insight, advice and support to help improve transport procurement and reduce costs. Our services include:



Container demand will slow down in all regions

Year-on-year growth in 1H19 and in 1H18

Growth in container port throughput by region, % change on previous year, including transshipment

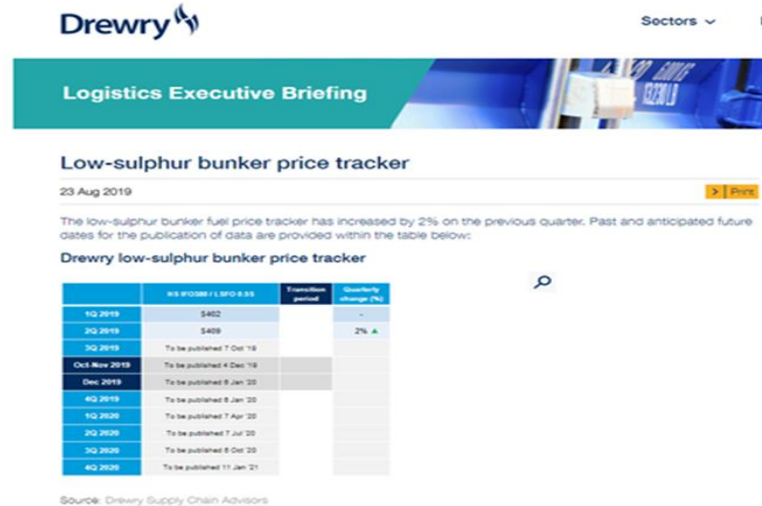


Source: Drewry Maritime Research, based on sample of ports in each region

IMO 2020 top issue for 2020 contracts

Inflated post-IMO BAFs for shippers / extra cost for shippers

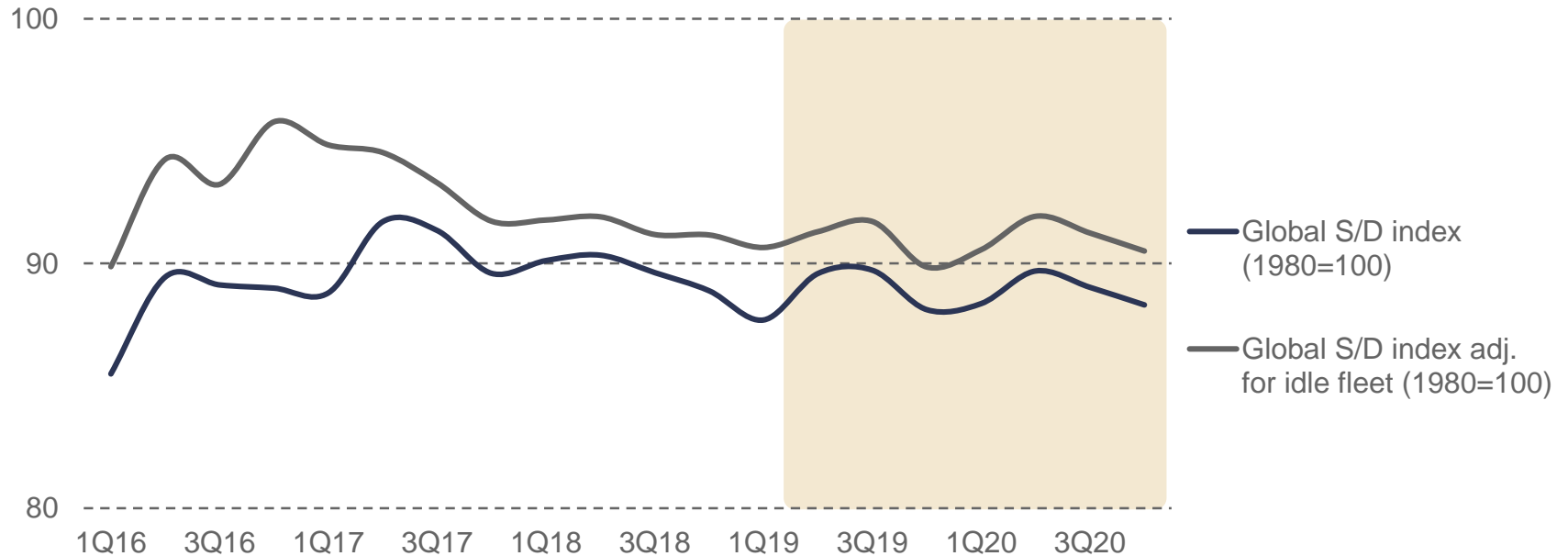
- Different forwarders and carriers have completely different BAF formulae and charges
- Track the price of high-sulphur and low-sulphur bunker prices eg <https://www.drewry.co.uk/logistics-executive-briefing/logistics-executive-briefing-articles/low-sulphur-bunker-price-tracker-table>
- Estimated \$11 billion extra bunker cost globally for carriers



Market outlook – global supply-demand

Ship overcapacity to continue; 2nd half of 2019 softer market than 1st half

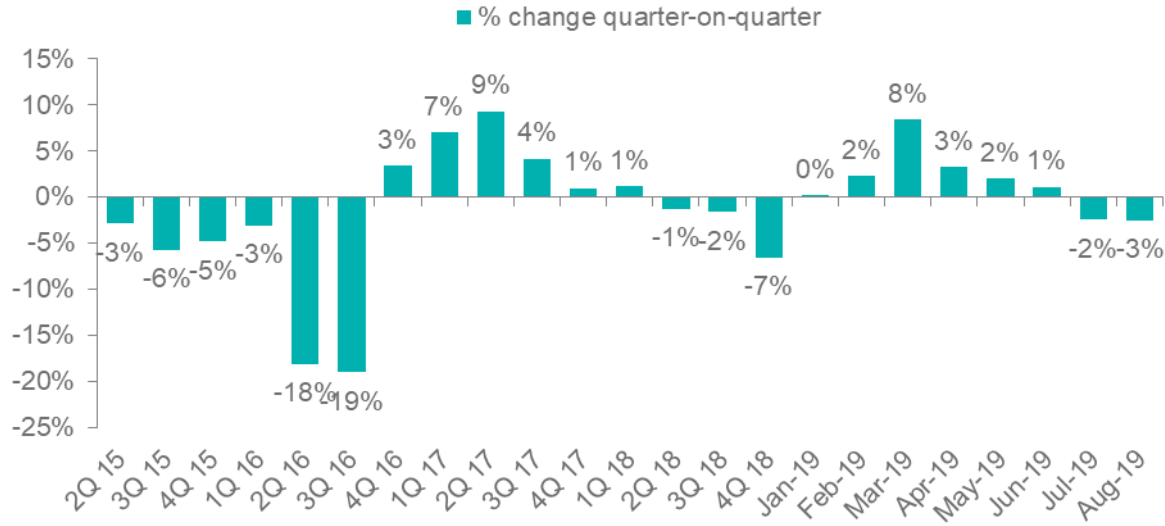
Global supply-demand index. 2016-2020F



Source: Drewry's Container Forecaster (www.drewry.co.uk)

Freight rate outlook – what you should expect

Base rates forecast to fall on some lanes... but BAFs will soar!



Based on Drewry's benchmarking club of 90+ multinational shippers, contract rates have started a new downcycle

DrewryBenchmarkingClub

Maritime Research

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Ports and Terminals
Dry Bulk
Gas Shipping
Tanker Shipping
Specialised Shipping
Ship Management
Logistics Management
Intermodal Transport

Maritime Advisors

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Strategy and Planning
Market Entry Analysis
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Supply Chain Advisors

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Ocean Freight Procurement Support
Network Design and Optimisation
Commercial Due Diligence
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Container Shipping
Container Manufacturing
Ports and Terminals
Dry Bulk
Gas Shipping
Tanker Shipping

Credit Analysis
Bond Analysis

Thank you!

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